

# Overview of School Foodservice Market

Bob Honson

Welcome to Oregon! – Happy to be here with you

## Objectives:

- Give you an idea of the **nature, size & scope** of the “Institutional” Market
- Share a little about the **school foodservice industry** as one segment of Institutional food market
- Share a little about our **Portland School Program**
- Explain some things you maybe didn’t know about the **USDA NSLP**
- Talk about my experiences with **Kids and Fish**.

## Institutional food market

- Corrections
- Hospitals
- Colleges & Universities
- Business & Corporate
- Recreation
- Military
- K-12 School Districts
- 2000 Sales: \$9.1 Billion
- 2000 Real Growth: 1.3%
- 2000 Food Purchases: \$4.0 Billion

## Size and Scope of Institutions Market

- **Corrections-** Inmate population growing while funding declines
  - 2000 Sales: \$3.4 Billion
  - 2000 Real Growth: 1%
  - 2000 Food Purchases: \$2.0 Billion
- **Health Care -**
  - Hospitals - Hospitals seek ways to attract and satisfy patients who can afford amenities
    - 2000 Sales: \$7.1 Billion
    - 2000 Real Growth: 1.0%
    - 2000 Food Purchases: \$3.5 Billion
  - Nursing Homes - Growing market with emphasis on food as residents live longer
    - 2000 Sales: \$5.5 Billion
    - 2000 Real Growth: 1.0%
    - 2000 Purchase Purchases: \$2.7 Billion
- **Colleges & Universities**
- **Business & Corporate**
  - Often forgotten... Foodservice provided in the workplace
  - Includes everything from vending to the Board Room
  - 2000 Sales: \$24.8 Billion
  - 2000 Real Growth: 2.4%
  - 2000 Food Purchases: \$12.3 Billion
- **Recreation – Sports Complexes & Theme Parks**
  - 2000 Sales: \$13.4 Billion
  - 2000 Real Growth: 2.9%
  - 2000 Food Purchases: \$4.2 Billion
  - Included in Recreation... Cruise lines (a market that has been fully penetrated by the Seafood Industry)
- **Military**
  - 2000 Sales: \$3.2 Billion
  - 2000 Real Growth: 5% Decrease
  - 2000 Food Purchases: \$1.6 Billion
- **K-12 Schools** (Finally an area of expertise!)
  - Lunch served in 93,000 schools each day

- 26.1 million kids eat daily
  - Breakfast served in 70,000 schools daily
  - 7.3 million breakfasts served daily
  - Based on the regulations this means that nearly 2,000 tons of protein are provided *daily*.
  - This is approaching nearly 1 billion pounds per year!
  - Fish is currently a *small* fraction of the total.
- K-12 enrollment is increasing nationwide... up 14% in secondary in the next 6 years!
- School Lunch began in 1947
  - Breakfast in 1968
- Why do we now offer meals in schools?
    - Evidence is *very* strong... Hungry kids don't learn!
    - Properly Nourished students are:
      - Absent less often
      - Tardy less often
      - More attentive in class
      - Less disruptive to other students
    - And... many parents are unable to provide what kids need.

### Focus on Portland Public Schools

- Portland is the largest of the public districts in the Northwest
- But... still small by other major cities standards
- 55,000 enrolled
- Lunches served = 23,000 daily
- Breakfast served = 13,000 daily (a high % )
- Ala Carte meals = 8-10,000 daily
- Total Meals = 44,000 meals
- Imagine Reser Stadium full + Gill Coliseum = daily meals
- But... PPS is small. LA as many meals in a week as we serve in a year.

Really the point is... Schools are a significant market!

Schools operations are alike in many ways... and are also very different!

As a USDA Program schools meals come with lots of strings attached.

- Regulations determine what we serve, and portion size.
- Our program is focused on nutrition standards.
- USDA "Commodity Foods" are provided and expected to be used.
- Congress determines how much we have to spend per meal
  - Generally, about \$.70 per meal on food
  - About \$.30 on the entrée portion (remember this!)

As a federal program there are many political aspects to the program and the foods that we use...

- The beef industry has a major presence... we serve a lot of beef.
- The dairy industry has a huge presence... we are required to serve milk and have received truckloads of butter & cheese as part of a support to this industry.
- The fisheries segment has no effective political presence... we serve very little fish!

### OK... A little about kids and fish!

### A little about the USDA Child Nutrition Programs.

- Schools meals are part of a Federally funded program
- History
  - WWII

There is very little that we do that someone doesn't have a problem with! There is something wrong with everything! And, like it or not, it does effect how we operate.

- Too much sugar... too many calories... not enough calories!

- Not enough vegetarian
- Round foods like grapes spill on the floor
- Starches stick to the teeth and cause cavities
- Hard cooked eggs can be thrown
- Even Pizza (most popular food) is a little distained by parents because if kids like it that much it can't be good for them!
- I've even had moms call and ask that we serve less popular choices so that there meals at home can compete!

Balancing our menu is tough!

When it comes to fish there are a **couple of major complaints:**

1. **It smells!** The odors that come from the kitchen in a school fall into two categories... good & bad. Fish is thought to fit into the bad smell category. I have actually had school principals demand that we never offer fish because it creates an offensive odor in their building! This is real... and it does affect student acceptance.
2. **The *Perception* that kids don't like fish.** Kids think that they don't like fish. Teachers think that kids don't like fish. Parents think that kids don't like fish. Fish salesmen even think that kids don't like fish.

I really believe that kids DO like fish... mostly they are just unfamiliar with fish. *Axiom...*  
***Kids need 10 exposures to just about any foods before they will accept them.*** When exposed to quality fish products, kids do enjoy them. Manufacturers are doing a much better job in developing kid friendly products... specialty fish shapes, shrimp "poppers", even "trout melts" have been accepted by the kids in our district.

3. There is actually a third problem with fish... **the cost!** Quality products are very limited within the price range that we can afford. Remember the 30 cent entrée portion cost I mentioned earlier!

**Finally a fish story...** about the rise and fall of a popular fish.

In the early '80's a broker approached me with a product that was made from an underutilized species... Great Silver Smelt. This was an excellent product in all regards. White meat, mild taste, correct portion, lightly battered, correct packaging, priced correctly at about 12 cents, and best of all... no bad smell! It rose in popularity and even cracked the top five along with pizza, hot dogs, burritos, and hamburgers! A success story in every regard!

So what happened? With popularity came greater nationwide consumption... With greater consumption came diminished supplies... with diminished supplies came higher prices... Eventually, we could no longer afford to offer one of our most popular entrees! A sad story. But a familiar one.

If I have any challenge to throw to you all it would be to develop and sustain winners like the Great Silver Smelt for the school market. Why? Simply because if you intend to grow your industry, you need eager customers. And schools, not homes, are our best bet to teach kids to enjoy fish.

Thank You.